United Nations A/C.5/63/SR.1

General Assembly
Sixty-third session

Official Records

Distr.: General
4 November 2008

Original: English

Fifth Committee

Summary record of the 1st meeting
Held at Headquarters, New York, on Friday, 3 October 2008, at 10 a.m.

Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

Contents

Statement by the Deputy Secretary-General

Organization of work

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

08-53407 (E)

The meeting was called to order at 10.15 a.m.

Statement by the Deputy Secretary-General

1. **Ms. Migiro** (Deputy Secretary-General) said that the Secretariat looked forward to working with the Committee to further common goals. The Secretary-General had assumed office with an ambitious reform agenda, aiming, in partnership with the Member States, to make the Secretariat more effective, relevant, accountable and efficient. All the proposals before the Committee pursued that objective, which required the appropriate tools and resources, and modernization of management practices and administrative structures.

2. The development pillar of the Secretariat should be strengthened to respond to an enormous growth in its mandate since 1990. While the 2005 World Summit Outcome (General Assembly resolution 60/1) had placed special emphasis on the Organization's role in that area, there had been no commensurate increase in resources. Over the previous two decades, the Member States had built a shared vision of economic and social development. Despite the critical gaps in the Secretariat's capacity to play its expected leading role, it had a responsibility to bring the Member States' vision to life, and to uphold a global ethic of solidarity with the world's poorest and most vulnerable citizens. That principle was at the heart of the development agenda, and was fundamental to the work of the United Nations and the success of multilateralism. The General Assembly, in its resolution 62/236 on questions relating to the proposed programme budget for the biennium 2008-2009, had provided a significant opportunity to reverse the shortfall in the Organization's capacity and to provide a firmer basis for the effective and efficient implementation of its development-related mandates.

3. In 2007, thanks to a spirit of compromise and flexibility, Member States and the Secretariat had accomplished much to strengthen the promotion of peace and security, restructuring the Department of Peacekeeping Operations and establishing the Department of Field Support. As a result, the Organization was better able to service its field missions and had increased oversight and accountability. In 2009, the related reforms should be completed with steps to reinforce the Department of Political Affairs, as the wisest investment in saving lives and money in the long term was to prevent armed conflict in the first place. To that end, the Secretary-General's proposals stressed more effective use of preventive diplomacy, mediation and good offices.

4. In 2008 alone, the Department of Political Affairs had supported more than 15 peace processes around the world. Envoys were mediating nascent talks on Somalia and assisting the parties in Cyprus, while accompanying Nepal through its transition to peace. The Department had also been working with regional partners, supporting them in specific cases, such as those of Kenya and Zimbabwe, but also helping them to build their own mediation capacity. However, dealing with crises created staffing pressures which limited the Department's ability to focus on other critical issues, engage in longer-term planning and training, and strengthen its ties with regional organizations and United Nations system partners. According to the Office of Internal Oversight Services, there had been a six-fold increase in United Nations preventive diplomacy missions since 1990, and there was no reason to expect any drop in demand. The Secretary-General expected the Department of Political Affairs to be more active than ever before and, by achieving results, to reduce the peacekeeping burden.

5. Management reform should continue to be a top priority if those plans were to succeed, not just in development and peace and security, but across the United Nations agenda. The Secretary-General's aim was to make the Organization's administration more modern and less bureaucratic, so that more of the efforts of the staff contributed to genuinely improving the lives of people rather than simply running complex internal processes and procedures. In the coming weeks, the Committee was due to consider a number of important issues. First was the task of adapting the Secretariat's human resources framework to the current reality, in which approximately 50 per cent of staff worked in the field. Despite that shift, human resources policies had not evolved, creating inefficiencies and inequality which caused the Secretariat to lag behind United Nations agencies, funds and programmes in competing for the best talent and in recruiting, managing and retaining staff of the highest calibre. The Secretary-General appealed to the Committee to approve his proposals for streamlining contracts, harmonizing conditions of service and increasing roster-based recruitment. Those reforms were essential to making the workforce flexible, dynamic and able to respond quickly and effectively to progressively more complex field-based mandates.

6. Second, the new system of administration of justice could not be implemented until some crucial decisions were taken. While the Member States' approval of the new system in December 2007 had been a milestone, they had still to adopt the statutes of the new United Nations Dispute Tribunal and United Nations Appeals Tribunal, and to approve the proposed transitional measures for administration of justice. The Secretary-General hoped for timely decisions so that judges could be appointed and the new system put in place, in order to improve significantly the handling of staff grievances and disciplinary matters, and to contribute to better management overall.

7. A third key challenge at the current session was to better align the Secretariat's information technology policies, programmes and services with the Organization's overall needs and priorities. Indeed, Member States had called for a more strategic approach to maximizing the value of information and communication technology across the Secretariat, with the appointment of the Chief Information Technology Officer in 2007 being one important step in that regard. In 2008, the Committee would be considering three important reports of the Secretary-General: one on an information and communication technology strategy for the Secretariat, a second on enterprise systems, and a third on disaster recovery and business continuity. The Secretary-General believed that those initiatives were investments for the future and would yield significant long-term benefits.

8. Fourth was the Secretary-General's intention to take concrete steps to increase accountability and transparency. He had proposed a new accountability framework, including implementation of enterprise risk management and results-based management, which should promote responsible decision-making and thereby contribute to realizing the Organization's goals and mandates.

9. Despite the current climate of resource constraints, it was impossible to have reform without resources, or to change the way the Secretariat operated without investment. All those involved must focus not only on the here and now, but on the future, and ensure the Organization's ability to deliver.

Organization of work (A/C.5/63/1; A/C.5/63/L.1)

10. **The Chairman** invited members to consider the proposed programme of work of the Committee for the main part of the session, as contained in the informal paper circulated to delegations. The proposed programme of work had been prepared on the basis of the list of agenda items allocated to the Committee by the General Assembly (A/C.5/63/1). The document on the status of preparedness of the relevant documentation for those items (A/C.5/63/L.1) did not reflect the reports issued or submitted since the date of its issuance (24 September 2008). A separate list on the status of documentation would be issued for the first and second parts of the resumed session.

11. He wished to highlight some of the recommendations made by the General Committee in its first report (A/63/250 and Corr.1), which had been adopted by the Assembly at its second plenary meeting. The Fifth Committee should complete its work for the main part of the session by 12 December 2008. In view of financial constraints, meetings of the Main Committees, including informal meetings, should start promptly at 10 a.m. and be adjourned by 6 p.m. The General Assembly had also decided, in accordance with past practice, to waive the requirement that at least one quarter of the members of a Main Committee should be present in order to declare a meeting open and to permit the debate to proceed.

12. Efforts should be made to reduce the number and the length of resolutions adopted, and resolutions should not contain requests for reports from the Secretary-General unless such reports were strictly necessary for the implementation of those resolutions or for the continued consideration of an item. Resolutions should also be more action-oriented. In addition, the Main Committees should merely take note of the reports of the Secretary-General or of subsidiary organs which did not require a decision by the Assembly and should neither debate nor adopt resolutions on them unless specifically requested to do so.

13. With regard to the programme budget, he drew attention to rule 153 of the rules of procedure of the General Assembly, on statements of programme budget implications, and to paragraphs 12 and 13 of General Assembly decision 34/401, on the need to allow sufficient time for the Secretariat to prepare estimates of expenditure arising from draft resolutions and for the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee to consider such estimates. As noted in paragraph 37 of the report of the General Committee,

in most cases more than 48 hours were required for the Secretary-General to review the programme budget implications of proposals before the Assembly. Accordingly, he urged delegations to convey to their colleagues in the other Main Committees the importance of ensuring timely consideration of and action on draft proposals with programme budget implications.

14. **Mr. Brunel** (France), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina and Serbia; and, in addition, Armenia, Liechtenstein and the Republic of Moldova, said that he was confident that the Committee could conclude its business by 12 December 2008 without holding night and weekend meetings. However, the worrying recent trend of failing to issue all necessary documentation on time and in all the official languages affected the quality and speed of the Committee's work and should be eliminated once and for all. The rules and regulations governing the use of languages in the various bodies of the Organization, rule 51 of the rules of procedure of the General Assembly and General Assembly resolution 61/266 on multilingualism should be respected.

15. The General Assembly should take advantage of its review of the programme budget outline to reflect on how to include all foreseeable expenditure in the proposed programme budget for the forthcoming biennium, so that Member States could take decisions in an environment of budgetary discipline. In the context of management reform, new information systems and a new accountability framework would improve management of the Secretariat's human and budgetary resources.

16. The European Union supported the goal, established by the General Assembly in its resolutions 61/261 and 62/228, of implementing the new system of administration of justice no later than 1 January 2009. The Fifth and Sixth Committees, and their Bureaux, should take all the steps necessary to meet that deadline.

17. The European Union also stood ready to examine the Secretary-General's human resources management reform proposals, agreeing with the view, expressed in his opening address at the general debate of the General Assembly on 23 September 2008, that the current system of contracts and conditions of service was dysfunctional and demoralizing. In addition, the European Union supported preventive diplomacy and believed that the proposed strengthening of the Department of Political Affairs would help the Organization to fulfil its mandates.

18. Priorities, including those connected with reform, should be more clearly defined in order to keep control of the budget for the biennium 2008-2009. That could be achieved by abiding by the rules established by the General Assembly in its resolutions 41/213 and 42/211. The European Union, whose contributions to the Organization's budget substantially exceeded its weight in the world economy, hoped that the General Assembly would be able to guide the work of the Committee on Contributions through a resolution requesting it to study the potential effects of the various models for the calculation of the scale of assessments in preparation for discussion of that issue in 2009.

19. **Mr. Hunte** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that the Committee's workload had increased each year and had reached an unprecedented level at the current session. Late issuance of documentation continued to undermine Member States' ability to consider reports and prepare for negotiations. The Group's readiness to take up any item in the Committee's programme of work would be contingent on availability of all the relevant documents in the six official languages, with sufficient time for the Group to consider its position. The Committee's programme of work should be determined by the importance which the Member States accorded to each item, rather than by the issuance and availability of reports.

20. The Group understood that the Bureau would continue its past practice of amending the provisional programme of work as the session advanced in order to reflect progress. It was nevertheless not in a position to accept the programme as it stood for more than the first week of the session. It also wished to reiterate that the Committee must receive adequate time and conference services for its consideration of reports.

21. In connection with documentation, the Group wished to point out that the material before the Committee concerning the proposed strengthening of the Department of Political Affairs failed to take

account of the concerns expressed by the co-chairmen of the Joint Coordinating Committee of the Group of 77 and China and the Non-Aligned Movement in their letter to the Secretary-General of 7 March 2008 (A/C.5/62/24).

22. Lastly, the Group wished to caution against a preoccupation with items considered "time-bound" at the expense of other important items which, although not of a budgetary nature, were important to the effective functioning of the Organization and enabled it to fulfil its mandates effectively and efficiently.

23. **Mr. Ruiz-Massieu** (Mexico) said that his delegation supported the programme of work but that, with over 200 reports to be considered, it was important to take a pragmatic approach and to prioritize the most important issues.

24. The Fifth Committee's first priorities should be to consider the allocation of the necessary resources for activities beginning in January 2009 that could not be deferred and various reform issues, particularly human resources management. The latter was especially important, as the reform proposals on human resources management had been in the pipeline for several years.

25. Second, the Fifth Committee should provide guidance to the Committee on Contributions at its forthcoming session, as that would facilitate the General Assembly's decision-making in 2009.

26. Third, the Fifth Committee should focus on correcting the imbalance in the 2008-2009 budget for the development pillar. All three pillars of the Organization — peace and security, human rights and development — should be given equal treatment and all proposals should be duly justified.

27. **Mr. Mukai** (Japan) said that his delegation concurred with the Secretary-General that human resources were the Organization's most precious asset; adequate time must therefore be allocated to that item. Bearing in mind that the goal was to make current human resources management functional, contractual arrangements and conditions of service should be considered in conjunction with key aspects of human resources policies, i.e., mobility, geographic distribution, career development, performance evaluation, accountability, the common system and the United Nations Joint Staff Pension Fund. Accountability, in particular, was a key factor in effective management and must involve taking responsibility for action or lack of action, not simply "explaining and justifying".

28. Japan had often stated its concern about the piecemeal approach to budget requests, yet proposals on human resources management, information and communication technology, enterprise resource planning, business continuity and disaster recovery, and Secretariat reforms continued to be submitted in a piecemeal manner, without fully complying with the established budgetary process. Japan remained concerned about the lack of comprehensiveness of the budget proposals on those items. Stressing that the piecemeal approach hindered predictability and seriously eroded the Organization's budgetary discipline, it urged the Secretariat to refrain from submitting further budget proposals in such a manner.

29. While remaining committed to the ongoing reform of the Organization, Japan stressed the need to minimize the price of each proposal by carefully examining the costs and benefits. All reform proposals must be coherent and clearly define responsibilities.

30. The Secretariat was requested to submit the budget documents on special political missions, the International Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda, the budget outline for 2010-2011, the first performance report for the current biennium and the programme budget implications in due time for proper consideration. In part C, paragraph 5, of the annex to its resolution 42/211, the General Assembly clearly stipulated that a deadline should be set for the consideration of statements of programme budget implications and proposals for revised estimates. If that deadline was not respected, the Fifth Committee might have to deal with an endless succession of statements of programme budget implications and delayed issuance of the consolidated statement of all programme budget implications. That could adversely affect the Committee's programme of work.

31. The proposals to strengthen the Department of Political Affairs and the development pillar of the Organization they should be considered strictly on their own merits. Lastly, Japan attached great importance to the scale of assessments and was ready to engage in negotiations in good faith.

32. **Mr. Petranto** (Indonesia) said that his delegation appreciated the balanced programme of work and the designation of coordinators to facilitate negotiations on

the various agenda items. As there were numerous delicate, systemic and reform-related items before the Committee at the current session, it was essential that adequate time should be allocated for extensive deliberations. The timely submission of documents was crucial; although some progress had been made in that regard, there was still ample room for improvement. Reports and documents should be concise yet sufficiently comprehensive to allow delegations to make informed decisions. Lastly, a spirit of transparency and inclusiveness must be maintained in the negotiations on all items.

33. **Ms. Banks** (New Zealand), speaking also on behalf of Australia and Canada, said that the three delegations had taken note of the provisional programme of work. The Committee should focus not only on the time-bound issues that required a decision by the end of the main part of the session, but also on the proposals that were critical to the effective management of the United Nations, i.e., human resources management and information and communication technology.

34. During the first part of the resumed sixty-second session, the Committee had made considerable progress towards an agreement that would have streamlined the contracts regime and improved conditions of service in the field. Australia, Canada and New Zealand hoped that the Committee would be able to successfully conclude those efforts at the current session. They also supported improving the information and communication system to enhance management and facilitate transparency and accountability.

35. In considering such important items as the Department of Political Affairs, the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and the financing of special political missions, the Committee must be mindful of the need to efficiently use available resources and to pay close attention to the budget outline in anticipation of the next biennium.

36. **Mr. Rashkow** (United States of America) said that his delegation shared the concerns expressed by other delegations regarding the piecemeal approach to the budget for the 2008-2009 biennium and the need to prevent unrestrained growth. It also joined other delegations in recognizing the need to deal with future budgets in a comprehensive and transparent manner and to return to the existing procedures that imposed a measure of discipline in that process.

37. **Ms. Pataca** (Angola), speaking on behalf of the Group of African States, said that the Group had taken note of the proposed programme of work. It pledged to contribute positively to the success of the Committee's deliberations at the current session.

38. **The Chairman** said he took it that the Committee approved the proposed programme of work on the understanding that the Bureau would take into account the views expressed and make the necessary adjustments.

39. *It was so decided.*

40. **The Chairman** proposed that a deadline of 17 October should be set for the submission of candidatures for appointments to fill vacancies in subsidiary organs and other appointments and that the elections should be held on 7 November. With respect to the appointment of members of the United Nations Administrative Tribunal, he reminded the Committee that, in its resolution 61/261 on the administration of justice at the United Nations, the General Assembly had decided to continue consideration of the item during the sixty-second session as a matter of priority, with the objective of implementing the new system of administration of justice no later than January 2009, while paragraphs 29 to 31 of the resolution set forth the relevant transitional measures.

41. He drew attention to General Assembly resolution 62/228, in which the Assembly had decided to establish a two-tier formal system of administration of justice, comprising a first instance United Nations Dispute Tribunal, and an appellate instance United Nations Appeals Tribunal as from 1 January 2009.

42. The Secretary-General had prepared the report requested in resolutions 61/261 and 62/228. A number of the items on which he had been requested to report had been included in the draft statutes of the United Nations Dispute Tribunal and the United Nations Appeals Tribunal and were contained in annexes I and II to the report (A/62/782). The report also discussed transitional measures to ensure the smooth transfer of cases from the current internal justice system to the new system. That report had been reviewed by the Advisory Committee on Administrative and Budgetary Questions (A/62/7/Add.39) but no action had been taken by the General Assembly.

43. The Secretary-General would issue his note on the appointment of members of the United Nations Administrative Tribunal after the completion of the General Assembly's deliberations during its sixty-third session on the administration of justice at the United Nations, the finalization of the statutes of the new Tribunals and the General Assembly's review of the transitional measures proposed in the Secretary-General's report. The note was contingent on the conclusion of the consideration of the legal aspects of the matter and the subsequent adoption of the draft statutes by the General Assembly. In that regard, the Committee's attention was drawn to the letter dated 18 July 2008 from the President of the Administrative Tribunal addressed to the President of the General Assembly (A/63/253).

44. By its decision 62/519, the General Assembly had decided to establish an Ad Hoc Committee on the Administration of Justice at the United Nations for the purpose of continuing the work on the legal aspects of the item. The Ad Hoc Committee had met in April 2008 to review the draft statutes for the new Tribunals. Informal consultations on the draft statutes were ongoing and the Ad Hoc Committee would report on its work to the Assembly at its sixty-third session. At the recommendation of the General Committee, the General Assembly had allocated the agenda item on administration of justice at the United Nations to both the Fifth and Sixth Committees.

The meeting rose at 11.20 a.m.

United Nations A/C.5/63/SR.2

General Assembly
Sixty-third session

Official Records

Distr.: General
21 October 2008

Original: English

Fifth Committee

Summary record of the 2nd meeting
Held at Headquarters, New York, on Monday, 6 October 2008, at 10 a.m.

Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

Contents

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

08-53612 (E)

The meeting was called to order at 10.15 a.m.

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (A/63/11 and A/63/68)

1. **Mr. Greiver** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions on its sixty-eighth session (A/63/11), said that the Committee had proceeded under its general mandate to advise the General Assembly on the apportionment of the expenses of the Organization and, pursuant to the Assembly's request in resolution 61/237, had undertaken an in-depth study of the methodology of the scale of assessments in order to reflect developments in the capacity of Member States to pay. The Committee would continue its detailed review at its sixty-ninth session on the basis of guidance from the General Assembly in order to make recommendations on a scale methodology for 2010-2012.

2. The Committee had reaffirmed its previous recommendation that the scale of assessments for the following period should continue to be based on the most current, comprehensive and comparable gross national income (GNI) data. Universal adoption of the 1993 System of National Accounts 1993 (SNA) would provide for a more comparable measure of capacity to pay. While more Member States had adopted the 1993 SNA, the General Assembly should encourage those that had not yet done so to follow suit.

3. Conversion rates based on market exchange rates (MERs) should continue to be used for the scale of assessments, except where that would cause excessive fluctuations and distortions in income. The Committee had revised the criteria used to identify cases in which MERs should be reviewed in order to take into account the significant fluctuation of exchange rates against the United States dollar in recent periods. Discussion had continued on the possible use of purchasing power parity (PPP) to derive alternative conversion rates. Some members had felt that, with more frequent data collection, PPP could provide more comprehensive coverage of the economic capacity of Member States and could help address one disadvantage of MERs, which was that they were overly influenced by speculative currency flows. Other members had expressed concern that data were not sufficiently current, comprehensive or comparable and that PPP reflected capacity to consume rather than capacity to pay. The use of a currency basket, namely the special drawing rights (SDRs) used by the International Monetary Fund, had been discussed as a potentially more balanced approach to replace the United States dollar as a single conversion base. Some members had pointed out, however, that the analysis of that mechanism had not found any noticeable attenuating effects on the impact of fluctuations of the United States dollar on assessment rates.

4. In discussing the base period, the Committee had remained of the view that it would be sounder to use a single period, but noted that the current system of averaging scales for base periods of three and six years had been a compromise reached by the General Assembly. With respect to the debt-burden adjustment, data on public debt had become more readily available. Some members had felt that public external debt should be used in the methodology since public debt had to be repaid from the government budget. Other members had argued that total debt stock must be used because private debt influenced a Member State's overall capacity to pay.

5. The Committee had considered alternative definitions of the low per capita income adjustment threshold to address the discontinuity experienced by Member States that moved up through the threshold between scale periods. The different approaches being considered were to delay or phase in the increase related to funding the adjustment; to create a range below and above the threshold where Member States would neither receive nor pay for any benefit; and to set the threshold on the basis of world median per capita GNI or in real terms instead of using average world per capita income. Those options would be further analysed on the basis of information from the United Nations Statistics Division. The Committee would further consider all of the matters mentioned, as well as annual recalculation and large scale-to-scale increases, in the light of guidance from the General Assembly.

6. The General Assembly had endorsed the Committee's conclusions concerning multi-year payment plans in its resolution 57/4 B and had subsequently reaffirmed paragraph 1 of that resolution on numerous occasions. The Secretary-General had submitted a report on the status of such plans (A/63/68) in response to the Committee's requests for information. The results of the Committee's review were contained in chapter IV of its report, which also

contained updated information on the status of implementation of the plans as at 27 June 2008. Multi-year payment plans continued to be a viable means for Member States to reduce their unpaid assessed contributions and to demonstrate their commitment to meeting their financial obligations to the United Nations. Noting that no new plans had been submitted, the Committee recommended that the General Assembly should encourage other Member States in arrears to consider submitting them.

7. The Committee had considered seven requests for exemption under Article 19 of the Charter. Three Member States requesting exemptions had also submitted multi-year payment plans. All Member States that requested exemptions were encouraged to present such plans. The Committee had concluded that the failure of all seven Member States to pay the minimum amount required to avoid the application of Article 19 was due to conditions beyond their control and recommended that they should be permitted to vote until the end of the sixty-third session of the General Assembly.

8. The Committee had noted that seven Member States had been in arrears under the terms of Article 19 but had been permitted to vote until the end of the sixty-second session of the General Assembly. The Secretary-General had accepted in 2007 the equivalent of approximately $1.3 million in currencies other than United States dollars. With respect to working methods, the Committee had welcomed the launching of a public website as well as a secure restricted website to facilitate its intersessional work.

9. **Mr. Berridge** (Secretary of the Committee on Contributions) said that the annual report on the status of multi-year payment plans (A/63/68) indicated that four Member States had earlier completed payments under their payment plans and provided details on the three remaining plans and schedules, namely those submitted by Liberia, Sao Tome and Principe and Tajikistan, and on the status of their implementation as at the end of 2007. Updates on that status — as at 27 June 2008 — could be found in the report of the Committee on Contributions (A/63/11). No other Member States had thus far submitted payment plans or schedules for the elimination of their arrears. The Committee was invited to take note of the report.

10. **Mr. Cazalet** (France), speaking on behalf of the European Union, said that the European Union had always maintained that payment of contributions in full, on time and without conditions was one of the fundamental duties of the Member States. However, in connection with Article 19 of the Charter of the United Nations, it understood that some States faced genuine difficulty in discharging that duty for reasons beyond their control. As multi-year payment plans were an effective way of helping such States to reduce their arrears, it was unfortunate that no further payment plans had been submitted and that no effort had been forthcoming from certain States, including the Central African Republic, Guinea-Bissau and Sao Tome and Principe.

11. The progress made by the Comoros and Liberia was positive, and Tajikistan should be commended for going beyond the commitments assumed in its plan. While the European Union supported the recommendation of the Committee on Contributions that the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe, Somalia and Tajikistan should be permitted to vote in the Assembly until the end of the sixty-third session, it might in the future take a more guarded position on the granting of exemptions under Article 19 of the Charter if the States in question demonstrated a lack of effort.

12. **Mr. Hunte** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, reaffirmed the Group's position that the resources provided to the United Nations must be commensurate with its mandates. It was therefore crucial for Member States to pay their assessed contributions in full, on time and without conditions. Nonetheless, the Group also rejected any move that might, in violation of the fundamental principle of capacity to pay, force a developing country to accept a scale that was beyond its capacity to pay.

13. The ceiling rate, which had the largest distorting effect on the scale of assessments, had been reduced to 22 per cent in 2000 in order to facilitate the payment of arrears by one Member State and improve the financial situation of the United Nations at that time. Eight years later, the promises that had led to the reduction of the ceiling had still not been fulfilled. The General Assembly must therefore undertake the review provided for in paragraph 2 of its resolution 55/5 C.

14. The Group of 77 and China supported the recommendation of the Committee on Contributions that the scale of assessments should continue to be

based on the most current, comprehensive and comparable GNI data. It generally supported the use of conversion rates based on MERs, except where that would result in excessive fluctuations and distortions, in which case price-adjusted rates of exchange (PAREs) should be used. Purchasing power parity (PPP) was unsuitable as a basis for currency conversion rates because it was based on hypothetical currency conversion rates, reflected capacity to consume rather than to pay, and did not take into account cultural and social preferences in consumption. The Group would therefore not support any proposal to use PPP in preparing the scale of assessments. It would also oppose any attempts to undermine the principle of the low per capita income adjustment, which had been an integral part of the scale methodology since 1948. The Group supported the debt-burden adjustment based on the debt stock approach, the maximum assessment rate of 0.010 per cent for least developed countries and the floor rate of 0.001 per cent.

15. Of particular concern in apportioning the expenses of the United Nations were the abrupt and sharp increases in the assessed contributions of some developing countries between scale periods. The Group therefore supported the view that large increases should be phased in across the scale periods. Annual recalculation of the scale of assessments was contrary to rule 160 of the rules of procedure of the General Assembly and would be impractical to implement.

16. The Group endorsed the recommendation of the Committee on Contributions to allow the seven States that had applied for Article 19 exemptions to continue voting until the end of the sixty-third session. It appreciated the efforts of those Member States that had submitted multi-year payment proposals, but reaffirmed its position that such mechanisms should be voluntary, should not be used to exert pressure on those Member States, and should absolutely not be included as a factor when considering exemption under Article 19 of the Charter. Finally, the issue of the unpaid assessed contributions of the former Yugoslavia should be settled as soon as possible to resolve a matter that had been pending for 15 years.

17. **Ms. Pataca** (Angola), speaking on behalf of the Group of African States, said that the Group fully recognized that, pursuant to the Charter of the United Nations, the expenses of the Organization were to be borne collectively by all the Member States. As full, timely and unconditional payment of contributions was essential to ensure a predictable cash flow to fund the Organization's programmes and activities, the Group commended the Member States that had consistently demonstrated the political will to meet their financial obligations. It took note of the recommendations of the Committee on Contributions regarding the methodology for the preparation of the scale of assessments, expressed concern at the prospect of large variations from one scale to the next, which would result in harmful increases for developing countries, and reiterated its long-standing position that the scale methodology should be based on the principle of capacity to pay.

18. In accordance with the provisions of Article 19 of the Charter, the General Assembly should continue to extend sympathetic understanding to Member States that fell behind in their payments owing to genuine socio-economic difficulties beyond their control. The current food and energy crisis, as well as the recent turmoil in the global economy, made developing countries particularly vulnerable. Accordingly, the Group supported the requests by the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe, Somalia and Tajikistan to be permitted to vote and participate in the activities of the sixty-third session of the General Assembly.

19. The Group acknowledged the role of multi-year payment plans as a demonstration of the intention of Member States with arrears to settle those arrears within a specified period of time, and encouraged all affected States to consider submitting payment plans. While the Committee on Contributions had indicated that no new payment plans had been submitted for 2008, the Group continued to believe that payment plans should remain voluntary and not be tied automatically to any other measures. Article 19 of the Charter should continue to be the primary vehicle to deal with issues of late and non-payment. Each State with arrears should be allowed to analyse its situation carefully, as not all such States might be in a position to submit a payment plan or to comply with a payment plan submitted under pressure.

20. **Mr. Mukai** (Japan), recalling that Japan was the second largest financial contributor to the United Nations, shouldering nearly one sixth of the Organization's financial burden, said that it continued faithfully to pay its dues, without conditions, despite the difficult financial situation faced by its Government. While Japan supported the principle that

each Member State should pay its assessed contribution according to its capacity to pay, it had found a growing discrepancy over the years between its contribution, as calculated in the scale of assessments, and its GNI. The Organization should find a methodology that better reflected each Member State's current capacity to pay. Lastly, Japan endorsed the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter.

21. **Mr. Chumakov** (Russian Federation) said that the payment of assessed contributions in full, on time and without conditions was essential to enable the Organization to function successfully with the flexibility necessary to cope with mandates which were growing yearly in extent and complexity. However, it was also essential that assessment rates should be established fairly. His delegation praised the work of the Committee on Contributions in examining the elements of the scale methodology, particularly alternatives for the calculation of GNI and the possibility of using purchasing power parity or special drawing rights.

22. The emphasis on capacity to pay, rather than purchasing power, provided the basis for calculating assessments in the fairest possible way, and made the United Nations a unique organization in which every Member State that adhered to the rules on the payment of contributions had voting rights regardless of the size of its contribution to the budget. Having taken into consideration the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter, his delegation had no objection to the recommendation that the seven States concerned should retain the right to vote until the end of the Assembly's current session.

23. His delegation took the view that the methodology for establishing the scale of assessments, which represented a delicate balance among the wishes of the Member States, should not need substantial alteration in the coming few years. It recalled the commitment of the Committee on Contributions to continue its review of the elements used to calculate the scale of assessments at its sixty-ninth session and to present to the Assembly, at the latter's sixty-fourth session, a report on the outcome of that review, in accordance with General Assembly resolution 61/237. The launch of the Committee on Contributions website should improve access to statistical and other information relevant to the scale methodology.

24. **Mr. Safaei** (Islamic Republic of Iran) said that his delegation supported the recommendations of the Committee on Contributions to grant exemptions to the States mentioned in its report under Article 19 of the Charter, enabling them to exercise their right to vote until the sixty-fourth session of the General Assembly.

25. The principle of capacity to pay, repeatedly reaffirmed by the Member States as the fundamental criterion for determining the scale of assessments for the apportionment of the expenses of the United Nations, meant that any adjustment in the scale of assessments should not result in a situation where any Member State, particularly a developing country, was required to pay more than it was able.

26. The current maximum assessment rate, or ceiling, had been the result of a temporary political compromise reached eight years previously with the aim of facilitating the payment of outstanding arrears and improving the financial situation of the Organization. That goal had never been reached, and the rationale for a reduction in the ceiling was no longer valid. The General Assembly should therefore review and revisit its decision, as stipulated in paragraph 2 of its resolution 55/5 C.

27. His delegation supported establishing the scale on the basis of elements realistically reflecting the Member States' capacity to pay, using the most current, comprehensive and comparable GNI data available, including price-adjusted rates of exchange or other appropriate conversion rates applicable in the Member States' interdependent economies. The adjustment for low per capita income was an integral part of the scale methodology and should be maintained. However, purchasing power parity, as mentioned in the report of the Committee on Contributions, did not provide a useful measure of capacity to pay, as it was not reliable, verifiable or comparable.

28. The Committee on Contributions should also be mindful of the effect, particularly on developing countries, of abrupt increases in the rate of assessment from one scale period to another in connection with the guidelines contained in General Assembly resolution 55/5 B. Excessive increases for developing countries should be addressed.

29. **Mr. Ruiz Massieu** (Mexico) said that his delegation wished to reiterate its view that the Committee should discuss the scale of assessments at

its current session in order to ease its workload at the sixty-fourth session and benefit from forward planning.

30. The methodology for the calculation of the scale required some adjustment to ensure that sharp increases in assessment rates from one scale period to the next were avoided, and that Member States close to the per capita GNI threshold benefited from a gradual transition in their assessment rates. While the principle of capacity to pay was sound, the basis for its calculation was not: for 2009, the base period for national income data was 1999-2004, and hardly reflected current circumstances. Moreover, the absence of annual recalculation of the scale deprived Member States of opportunities to plan ahead for the payment of assessed contributions.

31. As reaching agreement on the elements to be used in calculating the scale was difficult, his delegation appealed to all members of the Committee to consider proposals on the basis of their technical soundness rather than their advantages for individual Member States. To take the latter approach was to politicize the issue.

32. Lastly, his delegation concurred with the recommendations of the Committee on Contributions regarding the application of Article 19 of the Charter.

The meeting rose at 11.15 a.m.